

Memorandum

To: CHAIR AND COMMISSIONERS

Meeting Date: March 2-3, 2005

Reference No.: 2.5e.
Action Item



From: *Cindy McKim*
CINDY McKIM
Chief Financial Officer

Prepared by: Ross Chittenden
Division Chief
Transportation Programming

Ref: ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECTS
RESOLUTION FA-04-04

RECOMMENDATION:

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) approve the following Resolution.

FINANCIAL RESOLUTION:

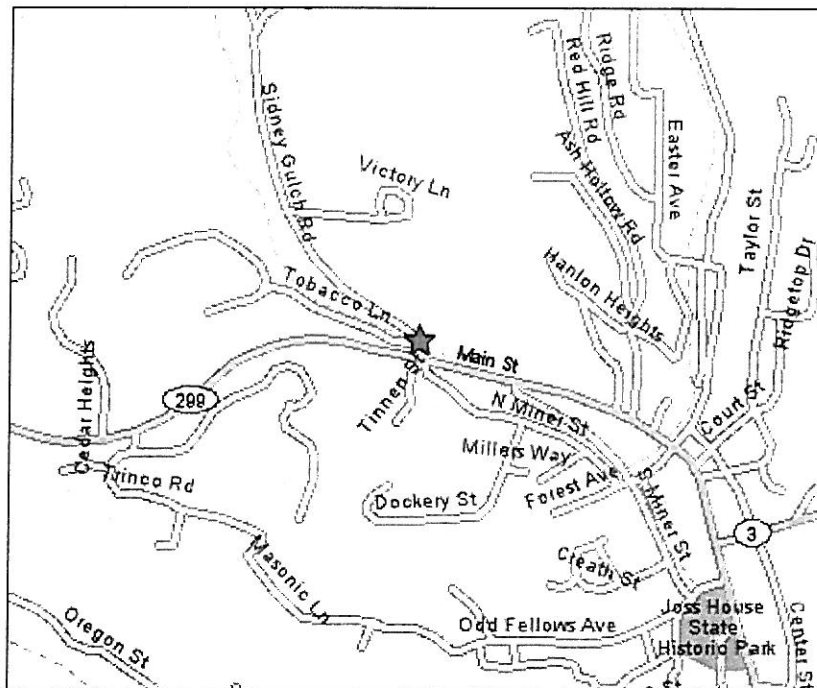
Resolved that \$800,000 be allocated from the Budget Act of 2004, Budget Act Items 2660-302-0042, to provide additional funds for the project listed below.

SUMMARY AND CONCLUSIONS:

This resolution allocates \$800,000 of additional State funds for the previously approved project listed below:

| <u>Project</u> | <u>Dist-Co-Rte</u> | <u>Original Vote/G11 Amount</u> | <u>Award Amount</u> | <u>Current Budget Amount</u> | <u>Current Allocation Revision</u> | <u>Revised Budget Amount</u> | <u>Total Increase Vote/Award</u> |
|----------------|--------------------|---|-------------------------|--------------------------------------|--|--------------------------------------|--|
| 1 | 2-Tri-L5733 | \$3,075,000 | \$3,272,000 | \$3,572,500 | \$800,000 | \$4,372,500 | 42% V |

| Project # Allocation Amount Recipient County Dist-Co-Rte Postmile | Location Project Description Reason for Supplemental Funds | EA PPNO Budget Year Prgrm Codes Program | State Federal Current Budget Amount | State Federal Additional Allocation | State Federal Revised Total Amount |
|--|---|--|---|--|--|
| 2.5e. Supplemental Funds for Previously Voted Projects | | | Resolution: FA-04-04 | | |
| 1 \$800,000 Department of Transportation Trinity 02U-Tri-L5733 | At Weaverville Maintenance Station. Reconstruct and remodel. Supplemental funds are needed to close out the construction contract. | 341601 1000 SHOPP/00-01 302-0042 302-0890 20.20.201.352 SHOPP 2004-05 302-0042 302-0890 20.20.201.352 SHOPP | \$3,572,500 - - - \$3,572,500 | - - \$800,000 - | \$3,572,500 - \$800,000 \$4,372,500 |



PROJECT DESCRIPTION

The Weaverville Maintenance Station is located on Memorial Drive in Weaverville, CA, and houses the crew and equipment for maintenance and snow removal for 55 miles along Route 299 and 7 miles along Route 3 in Trinity County. The project constructed a new office/equipment building, resident mechanics building, wash rack, equipment storage canopies, and material storage bins. The scope of work included the minimum needed to meet current building codes and ensure acceptable operation of the facility.

FUNDING STATUS

The project was programmed in the 2000 SHOPP (State Highway Operations and Protection Program) for construction in FY 2000-01. In March 2001, the project was allocated \$3,075,000, and was awarded in June 2001 to KMF Construction for \$3,272,000, after Resolution #G-12 allocation adjustment. During the construction of the project, additional funds for \$300,500 were approved to pay for additional site grading, drainage revisions, constructing a retaining wall, installing a vehicle lift and sander attachment lift. This request for \$800,000 in supplemental funds, to close out the project, results in an overall cost increase of 42% over the voted amount of the project.

REASON FOR COST INCREASE

This supplemental funds request is necessary to pay the contractor for claims settlement. The Weaverville Maintenance Station reconstruction and remodel project is a complex project that required the contractor to maintain the operations of the facility throughout the construction phase. During the construction of the project, a utility line located within the site was found to be shallower than anticipated and was determined to be at risk of being damaged from the operations of the maintenance station. Furthermore, the utility line greatly constrained the designed grade and location and floor elevations of the buildings, thus resulting in a change in condition. The problem prompted a number of modifications that were made to the project including revising the location of some buildings, revising the grading work, and relocating the utility lines.

The construction of this project was completed and the contract was accepted on March 18, 2004. However, upon receiving the Proposed Final Estimate (PFE), the contractor submitted exceptions to the PFE totaling \$4,424,785, and seeking reimbursement for work performed, delay costs, and lost profits. The Department followed the Claims Resolution process as described in Section 9-1.07B, "Final Payment and Claims" of the Standard Specifications. Consequently, the Department has reached a global settlement agreement with the contractor, which includes resolution of all outstanding contract claims. After applying the remaining project funds to the settlement, an additional \$800,000 is needed for payment to the contractor and to close out this construction contract.

FUNDING OPTIONS

- OPTION A: Approve this request as presented above for the \$800,000 to allow the close-out of this project.
- OPTION B: Since all work has been completed and contract is accepted, denial of this request would most likely results in the contractor pursuing legal actions to recuperate the cost. The future costs to resolve these issues would most likely be greater than the current request.

RECOMMENDED OPTION

The Department recommends OPTION A as presented above for \$800,000 to allow the close-out of this project.